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REGULATORY AUTH.

JUL 27 PM 4 06

OFFICE OF THE
EXECUTIVE SECRETARY
July 27, 2000

VIA HAND DELIVERY

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37238

Re: *Third Party Testing of BellSouth OSS*
Docket No. 99-00347

Dear Mr. Waddell:

Enclosed please find the original and thirteen copies of BellSouth's Reply Comments to AT&T's Responses to Tennessee Regulatory Authority's Data Requests.

Copies of the enclosed are being provided to counsel of record for all parties.

Very truly yours,

Guy M. Hicks

GMH/jem

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

REC'D TN
REGULATORY AUTH.
JUL 27 PM 4 06
EXHIBIT
SECRETARY

In Re: *AT&T Communications of the South Central States, Inc.'s Petition For
the Establishment of an Independent Third Party Testing Program of
BellSouth's Operational Support Systems*

Docket No. 99-00347

**BELLSOUTH'S REPLY COMMENTS TO AT&T'S RESPONSES
TO TENNESSEE REGULATORY AUTHORITY'S DATA REQUESTS**

BellSouth Telecommunications, Inc. ("BellSouth") hereby respectfully files its Reply Comments to AT&T's Response to the Tennessee Regulatory Authority's ("TRA") Data Requests,¹ and states the following:

On May 15, 2000, both BellSouth and AT&T filed responses to data requests propounded by the Tennessee Regulatory Authority. BellSouth is hereby filing Comments in response to the answers provided by AT&T because BellSouth does not believe that these answers are accurate. Moreover, although AT&T does not say so in as many words, it implies that an OSS test is needed for Tennessee. BellSouth disagrees, as does every Commission in BellSouth's region that has considered this same issue.

¹ The comments made by MCI/WorldCom in its letter to the TRA of May 15, 2000 make some of the same assertions as AT&T makes. MCI/WorldCom also acknowledged in its letter that "[it] was not in a position to comment specifically on BellSouth's OSS" BellSouth's Reply Comments are submitted in response to MCI/WorldCom's comments as well.

AT&T contends in its answers that BellSouth's operational support systems ("OSS") are state-specific, i.e., that they vary from state to state. To the contrary, the interfaces, systems, and business rules that relate to BellSouth's OSS are both centralized and regional. In other words, the systems are developed so that their functioning will be uniform across BellSouth's region. It is these systemic functions that are currently being tested in Florida and Georgia. For this reason, there is no need and, in fact, it would be a waste of the TRA's time and resources, to conduct a third-party test in Tennessee that would essentially duplicate the tests that are currently underway in Florida and Georgia.

BellSouth will comment further below on the reasons that third party testing in every state would be both wasteful and unnecessary. Before doing so, however, BellSouth will address specifically the six areas addressed in the data requests, and AT&T's responses:

OSS Pre-Ordering and Ordering Functions: The retail business system that BellSouth uses for pre-ordering and ordering is the Regional Ordering System ("ROS"). Although the SONGS and DOE systems referred to by AT&T were used in the past, the ROS is the current system, and it is regional. BellSouth's system for pre-ordering and ordering for retail residential customers is also a region-wide system, the Regional Negotiation System ("RNS"). Thus, third party testing in other states will provide a test of these systems.

Likewise, the interfaces the CLECs use to obtain pre-ordering information and to place orders are the same for all nine states. The only difference is that different rates are applied to the functions based upon Cost Orders that have been entered in each respective state. Again, however, the functions are identical. Specifically, the interfaces that CLECs use to obtain pre-ordering information on a regional basis the machine-to-machine Telecommunications Access Gateway ("TAG") and the human-to-machine Local Exchange Navigational System ("LENS"). The regional CLEC interfaces for ordering are LENS, TAG, and the machine-to-machine Electronic Data Interchange ("EDI").

At the same time, the back-end, legacy pre-ordering databases that are accessed by BellSouth's retail ROS and RNS, and by the CLECs' TAG and LENS are regional in nature. These include the Regional Street Address Guide ("RSAG"), the Application for Telephone Number Load Administration and Selection ("ATLAS"), Produce/Services Inventory Management System ("P/SIMS"), Central Office Features File Interface ("COFFI"), Distributed Support Application ("DSAP"), and Customer Record Information System ("CRIS"). Of these databases, RSAG is used for address validation; ATLAS is used for telephone number selection; P/SIMS and COFFI are used for products and services information; DSAP is used to obtain and access an installation calendar. Again, these databases are regionally maintained and are in no way unique to Tennessee.

Because BellSouth's ROS and RNS are regional, the CLEC's LENS, TAG and EDI interfaces are regional, and the legacy systems are regional, ordering functions

are regional. AT&T's principle argument is that AT&T "estimates" that only about one-third of all CLEC Local Service Requests ("LSRs") are submitted electronically. To the contrary, more than 80 percent of all LSRs are submitted electronically by CLECs using the regional CLEC interfaces and are processed by the regional legacy systems. Moreover, even those LSRs that are manually submitted, are processed on a regional basis as well. The manual orders are processed by the local carrier service centers ("LCSC"), which are located in Birmingham and Atlanta. These centers process orders for all states, and they do so according to procedures that are common to all states.

OSS Provisioning: AT&T contends that provisioning is accomplished by work groups that are organized "on a geographic basis." This contention, however, really misses the point. The point is that with provisioning, as with all other aspects of BellSouth's OSS, the interfacing systems and processes are the same for the entire region. Work centers such as the AFIG (Address and Facility Inventory Group), CPG (Circuit Provisioning Group), RCMAC (Recent Change in Memory Administration Center), WMC (Work Management Center), and IFF (Installation Field Forces), all operate using common regional practices and procedures. Thus, a test of these systems and processes in one state will determine whether the systems function properly. There is no need to test each and every work group that makes use of precisely the same regional systems.

OSS Maintenance and Repair Functions: Again, the pertinent systems are regional in nature. For BellSouth retail, the maintenance and repair interfaces are

the Trouble Analysis Facilitation Interface ("TAFI"), and the Work Force Administration ("WFA"). The regional CLEC interfaces for maintenance and repair are TAFI and Electronic Communications Trouble Administration ("ECTA") Gateway. Moreover, the legacy systems for repair and maintenance, such as the Loop Maintenance Operation Systems ("LMOS"), Memory Administration Recent Change ("MARCH"), and Predictor, are regional. Regional data is distributed across multiple systems for load balancing; however, the data is not processed any differently from one location to the next. In its reply, AT&T appears to acknowledge that there are no inherent state-by-state differences in these systems, but argues that because BellSouth legacy systems and databases differ from state to state, OSS repair is different as well. As stated previously, AT&T is wrong in its contention regarding databases and legacy systems. Thus, it has raised no basis to conclude that maintenance and repair OSS varies from one state to the next.

OSS Billing Functions: AT&T contends that billing varies from state to state because each data center must be properly programmed for the information necessary to collect, process and distribute information to CLECs. Again, however, the question is whether the systems that are being used function properly. There is no need to test these systems on a state-by-state basis if there are no systemic differences from one state to another. This is the case. The billing systems, billing functions and the operation of the data centers for BellSouth and CLECs are precisely the same throughout the entire region. These billing systems and billing

functions are currently being thoroughly tested in the third-party tests in Georgia and Florida.

OSS Administrative Activity: Again, AT&T has not really identified any difference in OSS administration from state to state, but instead simply claims that BellSouth's ability to perform each of the functions is impacted by Tennessee-specific factors. The Tennessee-specific factors, however, are not differences in administration, but rather factors that AT&T has claimed to differ in some previously addressed aspect of the OSS. Again, AT&T is wrong in these assertions, and it has not otherwise identified any difference in administration.

The fundamental question in determining whether third-party testing is needed in Tennessee is whether testing in other states can provide a basis for the TRA to conclude that these systems will function properly in Tennessee, or whether the systems differ from state to state so significantly that specific state testing is required. BellSouth believes that it is clear that all of the OSS systems are designed to operate regionally, and that the functions are designed to be no different from one state to the next. For this reason, testing the functions of any given aspect of OSS in one state will provide all of the information that is necessary to know whether the system will function properly in any state.

AT&T appears to reach the contrary conclusion based on the idea that if a regional system contains state-specific data, then it must be tested in every state. To give one example, AT&T contends that the Regional Street Address Guide ("RSAG") is state-specific. To the contrary, this database is (as the name implies)

regional. It is true that this database contains specific information for each of the nine states in BellSouth's region. Thus, if a CLEC is trying to provide service to a customer in Tennessee, then it is the address of that specific customer (in Tennessee) that would be pertinent for that particular service order. However, the way that the street address information is accessed and utilized in the system is precisely the same for every address throughout the region. In other words, although the specific information that is retrieved and utilized may vary from one state to another, the process for handling that information is the same.

Moreover, the question of whether third party testing is needed is not unique to Tennessee. To date, three states in BellSouth's region-- Alabama, Kentucky, and South Carolina--have addressed the issue of whether there is a need to conduct a third-party test in addition to the testing that is being done in Georgia and Florida. Each state Commission has found that there is no need for such testing, at least not at the present.

The Alabama Commission ruled that,

. . . [T]he regional nature of the BellSouth OSS's which are being tested in Georgia and Florida raises the question of whether further testing in this jurisdiction will be necessary. We will accordingly monitor the progress and all reported findings from the Georgia and Florida proceedings prior to arriving at any conclusion as to whether independent third party testing of BellSouth's OSS should be mandated in this jurisdiction. It is our position that the significant cost of such testing should not be unnecessarily duplicated for the testing of systems which are predominantly regional in nature.

(Order in Docket 25835, entered September 2, 1999, page 5) (copy attached).

Likewise, the South Carolina Commission held workshops on both third party testing and performance measurements and then concluded that "the Commission believes that it should hold any decision regarding third party testing of BellSouth's OSS in abeyance at this time. Staff is instructed to monitor the progress of third party testing reviews in Georgia and Florida and to keep the Commission informed as to the progress of the reviews in those states." (Order No. 2000-0515, page 2, entered June 20, 2000, in Docket No. 2000-0013-C). (copy attached.)

Finally, the Kentucky Commission addressed this same issue, and concluded that "as BellSouth's OSS are the same throughout its nine-state region, neither economy nor efficiency is served by instituting a third-party testing process in Kentucky at this juncture." (Order in Case No. 96-608, page 2, entered January 26, 2000). (copy attached.)

In its data responses, AT&T stops short of advocating that the TRA immediately embark on third party testing, but it does attempt to create a picture of BellSouth's OSS as varying from state to state. Based on the information set forth above, this representation is simply not accurate. Moreover, three Commissions in BellSouth's region have made the decision not to embark on testing in their respective states that duplicates the testing currently taking place in Georgia and Florida. Instead, each made the prudent decision to monitor testing in Florida and Georgia, and at the conclusion of that testing, to determine whether there are any state-specific issues that remain. BellSouth submits to the TRA that

this is the most appropriate approach, and an approach that should be taken by the TRA as well.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.



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STATE OF ALABAMA
ALABAMA PUBLIC SERVICE COMMISSION
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MONTGOMERY, ALABAMA 36101-0991

JIM SULLIVAN, PRESIDENT
JAN COOK, ASSOCIATE COMMISSIONER
GEORGE C. WALLACE, JR., ASSOCIATE COMMISSIONER

WALTER L. THOMAS, JR.
SECRETARY

BELLSOUTH TELECOMMUNICATIONS, INC., IN RE: Petition for Approval of a Statement of Generally Available Terms and Conditions pursuant to §252(f) of the Telecommunications Act of 1996 and Notification of Intention to File a Petition for In-region InterLATA Authority with the FCC pursuant to §271 of the Telecommunications Act of 1996.

DOCKET 25835

ORDER

BY THE COMMISSION:

I. INTRODUCTION/BACKGROUND

By Petition filed on or about May 6, 1999, AT&T Communications of the South Central States, Inc. (AT&T) urged the Commission to establish a new Docket for the initiation of an independent third party testing program aimed at assessing the Operational Support Systems (OSS's) which BellSouth Telecommunications, Inc. (BellSouth) provides for Competitive Local Exchange Carriers (CLECs). AT&T attached to its Petition a recommended independent third party testing procedure and outlined in its Petition certain other parameters.

As noted by AT&T, BellSouth's OSS's are the computer systems which enable CLECs to gain access to BellSouth's network in order to obtain resale services and unbundled network elements (UNEs). AT&T maintains that the if CLECs are to have an opportunity to break BellSouth's monopoly control over the local telephone market, they must be assured that BellSouth's OSS's are fully functional and operational and can process significant commercial volumes of orders in a non-discriminatory manner.

AT&T maintains that a properly designed, executed and monitored independent third party testing process will be an efficient way to cut through the ever increasing OSS disputes between BellSouth and the CLECs and to promote the development of OSS's which fully support local competition in Alabama. AT&T points out that the New York Public Service Commission (the New York Commission) recognized the need for a robust and comprehensive independent third party OSS testing procedure and hired Hewlett Packard (HP) as an independent firm to construct "pseudo" or "hypothetical" working systems to interface with Bell Atlantic. Additionally, the New York Commission hired KPMG Pete Marwick (KPMG) as an independent firm to process orders over the "pseudo" systems developed by HP. KPMG was also charged with evaluating all of the related processes, information and personnel resources which BellSouth utilizes to provide CLECs with non-discriminatory access to its network. AT&T asserts that in establishing an OSS testing procedure in Alabama, the Commission could benefit from the experience gained from the testing that has been conducted in New York.

AT&T represents that a properly designed and executed independent third party testing procedure will offer three primary benefits in Alabama. First, AT&T contends that such a procedure would provide the Commission with an objective view of the functionality, capacity and performance of BellSouth's OSS's. According to AT&T, such information, would, when combined with subsequent satisfactory evidence of actual commercial usage, enable the Commission to fully evaluate whether BellSouth's OSS's meet the requirements established under the Telecommunications Act of 1996 (the Act).

AT&T contends that the second primary benefit of conducting an independent third part testing procedure is that such testing will enable the Commission to assess a broad range of functions for a wide array of transactions, including those functions for which extensive commercial usage results are nonexistent. AT&T maintains that the third primary benefit of an independent third party testing procedure is that a properly designed procedure will provide significant insight regarding the operational

capabilities of BellSouth's OSS's and the handling of large volumes of orders placed by CLECs.

AT&T alleges that an independent third party testing procedure will be a critical component of BellSouth's efforts to prove that it meets its legal obligations under the Act with regard to §271 thereof. AT&T accordingly maintains that BellSouth should bear the cost of third party testing. AT&T contends, however, that the knowledge gleaned from the third party testing process being conducted in New York will result in the implementation of a more cost effective process in Alabama.

On or about May 26, 1999, BellSouth submitted its Response to the AT&T Petition discussed above. BellSouth seized on AT&T's recognition that the Commission could derive great benefit from analyzing the third party testing process currently being overseen by the New York Public Service Commission and noted that the Commission could also gain great benefit from observing the results of the third party testing process ordered by the Georgia Public Service Commission (the Georgia Commission) on May 18, 1999¹. BellSouth argues that the results of the Georgia independent third party testing process will prove especially beneficial in Alabama in light of the fact that the BellSouth OSS's being evaluated in Georgia are the same regional systems that are utilized in Alabama.

BellSouth points out that pursuant to the independent third party testing process ordered by the Georgia Commission, BellSouth's OSS's will be tested to assess their functionality and operational readiness. Specifically, the third party testing in Georgia will be conducted on orders for: (1) UNE analog loops, with and without number portability; (2) UNE switch ports; and (3) UNE business and residence loop/port combinations. BellSouth represents that the testing process in Georgia will encompass the OSS functions of preordering, ordering, provisioning, maintenance and repair, and billing. In addition, the TAG EDI, ECTA, ODUF, EODUF, ADUF, CRIS and CABS interfaces will be tested. BellSouth also asserts that the third party testing process in

¹ See Order on Petition for Third Party Testing, Docket No. 8354-U, (Georgia Public Service Commission, May 18, 1999).

DOCKET 25835 - #4

Georgia will evaluate the overall capacity of BellSouth's OSS's to handle expected commercial volumes of CLEC orders and will include an independent audit of the CLEC order flow through calculation submitted by BellSouth and the service quality measurement (SQM) reports it currently submits on a monthly basis in Georgia and Alabama.

BellSouth contends that the credibility of the Georgia Commission's focused, supervised audit of BellSouth's OSS's is enhanced by the fact that the Georgia staff will work with the designated outside auditing firms in conducting the test and in the preparation of the final recommendations. BellSouth accordingly submits that the Commission should monitor the third party testing ordered by the Georgia Public Service Commission and at this juncture decline to institute any independent third party testing in Alabama. In order to keep the Commission informed fully about the Georgia Public Service Commission's process, BellSouth commits to providing the Commission with reports on the Georgia Commission's test plan and its interim status.

In conclusion, BellSouth contends that the third party testing procedure ordered by the Georgia Commission fully encompasses each of the benefits of third party testing discussed by AT&T in its Petition. Additionally, BellSouth reiterates that the third party testing procedure ordered by the Georgia Commission involves aspects of BellSouth's OSS's that are regional in nature and, therefore, will be applicable for Alabama. BellSouth accordingly requests that it not be required to duplicate in each state in its region the significant third party testing expenses that it will incur in Georgia.

II. FINDINGS AND CONCLUSIONS

We have reviewed the above referenced filings made by AT&T and BellSouth and conclude that independent third party testing of BellSouth's OSS's is vital to the establishment of local competition in BellSouth's service territory. It, therefore, follows that the findings and conclusions resulting from the third party testing of BellSouth's OSS's would provide invaluable assistance to the Commission in our on-going efforts in Docket 25835 to assess BellSouth's Petition for Approval of a Statement of Generally Available Terms and Conditions pursuant to §252(f) of the Telecommunications Act of

DOCKET 25835 - #5

1996 and BellSouth's Notification to the Commission of its Intention to File a Petition for In-region InterLATA Authority with the FCC pursuant to §271 of the Act. We accordingly conclude that any and all issues related to the independent third party testing of BellSouth's OSS's should be addressed under Docket 25835.

We are mindful of the independent third party testing procedures implemented by the New York Public Service Commission and the Georgia Public Service Commission. We are particularly interested in the process implemented in Georgia since the Georgia procedure involves the testing of the regional BellSouth systems that are utilized for purposes of this jurisdiction. For that same reason, we are also keenly interested in the recent decision of the Florida Public Service Commission (the Florida Commission) to implement an independent third party testing procedure for BellSouth's OSS's². The Commission is currently evaluating the testing parameters outlined by the Florida Commission, but it initially appears that the Florida procedure will be more encompassing than the procedure mandated by the Georgia Commission. In particular, it appears that the Florida testing procedure will more thoroughly test unbundled network element orders and combinations thereof.

We generally concur with the AT&T and BellSouth positions that this Commission could gain invaluable insight from the OSS testing procedures which will be conducted in other jurisdictions. In fact, the regional nature of the BellSouth OSS's which are being tested in Georgia and Florida raises the question of whether further testing in this jurisdiction will be necessary. We will accordingly monitor the progress and all reported findings from the Georgia and Florida proceedings prior to arriving at any conclusion as to whether independent third party testing of BellSouth's OSS's should be mandated in this jurisdiction. It is our position that the significant cost of such testing should not be unnecessarily duplicated for the testing of systems which are predominantly regional in nature.

² See *Petition of Competitive Carriers for Commission Action to Support Local Competition in BellSouth Telecommunications, Inc.'s Service Territory*, Docket No. 981834-TP; *Consideration of BellSouth Telecommunications, Inc.'s Entry Into InterLATA Services Pursuant to §271 of the Federal Telecommunications Act of 1996*, Docket No. 960786-TL, (Florida Public Service Commission, July 15, 1999).

DOCKET 25835 - #6

Based on the foregoing, we will hold in abeyance AT&T's Petition for Independent Third Party Testing of BellSouth's OSS's while we monitor the status of the testing procedures in Georgia and Florida. Should it become apparent that the Georgia and Florida procedures have insufficiently addressed an area or areas which we feel must be tested on an independent third party basis, we will at such time evaluate the merits of mandating such a testing procedure in this jurisdiction. In the interim, however, we hereby instruct BellSouth to submit, beginning in September 1999, monthly reports to the Commission detailing the status of the OSS testing procedures in the jurisdictions of Georgia and Florida. Said status reports shall be submitted by BellSouth no later than the 30th day of each month until the testing procedures in Georgia and Florida are completed.

IT IS, THEREFORE, ORDERED BY THE COMMISSION, That all issues relating to the independent third party testing of the operational support systems of BellSouth Telecommunications, Inc. will be addressed in this proceeding, Docket 25835.

IT IS FURTHER ORDERED BY THE COMMISSION, That consistent with the reasoning set forth above, the Petition of AT&T Communications of the South Central States, Inc. for the Establishment of an Independent Third Party Testing Program to Assess the Operational Support Systems Provided by BellSouth Telecommunications, Inc. for competitive local exchange carriers is hereby held in abeyance.

IT IS FURTHER ORDERED BY THE COMMISSION, That BellSouth Telecommunications, Inc. shall, commencing in September of 1999, submit to this Commission monthly reports detailing the status of the OSS testing procedures currently being conducted in the jurisdictions of Georgia and Florida. Said status reports shall be submitted by the 30th day of each month until the testing procedures in Georgia and Florida are completed.

IT IS FURTHER ORDERED, That jurisdiction in this cause is hereby retained for the issuance of any further order or orders as may appear to be just and reasonable in the premises.

DOCKET 25835 - #7

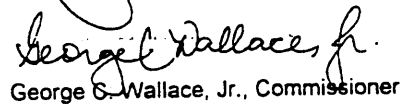
IT IS FURTHER ORDERED, That this Order shall be effective as of the date
hereof.

DONE at Montgomery, Alabama, this *2nd* day of September, 1999.

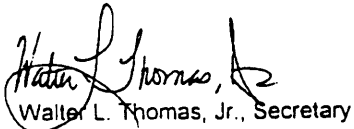
ALABAMA PUBLIC SERVICE COMMISSION

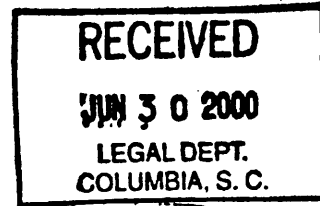


Jim Sullivan, President


Jan Cook, Commissioner
George G. Wallace, Jr., Commissioner

ATTEST: A True Copy


Walter L. Thomas, Jr., Secretary



BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2000-0013-C - ORDER NO. 2000-0515

JUNE 20, 2000

IN RE: Proceeding to Address Third Party Testing of) ORDER
Operational Support Systems (OSS) of)
BellSouth Telecommunications, Inc.)

This matter comes before the Public Service Commission of South Carolina ("Commission") following an informal proceeding held on March 20, 2000.

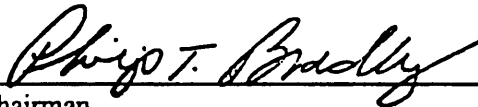
The instant docket was created following an arbitration proceeding involving ITC^DeltaCom Communications, Inc. and BellSouth Telecommunications, Inc. As part of the decision from that arbitration proceeding, this Commission directed that a generic docket be established to address inter-carrier quality of service measures, including performance measures, "performance guarantees," penalties, and liquidated damages provision. In ruling on the request of several parties, the Commission issued Order No. 2000-0232, dated March 7, 2000, in which the Commission ordered that informal proceedings be conducted in this docket and further ordered that the issues of third party testing of BellSouth's OSS and performance measures be bifurcated into separate informal proceedings. The informal proceeding on third party testing of BellSouth's OSS was held on March 20, 2000. The informal proceeding on performance measures was scheduled for June 19, 2000.

In light of the informal proceeding on performance measures set for June 19 as well as the ongoing review of third party testing of BellSouth's OSS in both Georgia and

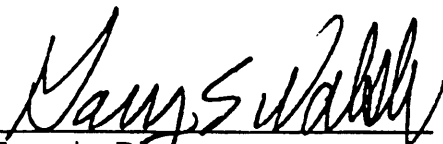
Florida, the Commission believes that it should hold any decision regarding third party testing of BellSouth's OSS in abeyance at this time. Staff is instructed to monitor the progress of third party testing reviews in Georgia and Florida and to keep the Commission informed as to the progress of the reviews in those states.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)



RECEIVED

MAY 01 2000

LEGAL DEPT. (KY.)

Paul E. Patton, Governor

**Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet**

**Martin J. Huelsmann
Executive Director
Public Service Commission**

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**B. J. Helton
Chairman**

**Edward J. Holmes
Vice Chairman**

**Gary W. Gillis
Commissioner**

April 28, 2000

PARTIES OF RECORD:

RE: Case No. 96-608
IN THE MATTER OF
INVESTIGATION CONCERNING THE PROPRIETY OF PROVISION OF
INTERLATA SERVICES BY BELL SOUTH TELECOMMUNICATIONS, INC.
PURSUANT TO THE TELECOMMUNICATIONS ACT OF 1996

Attached please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five (5) days of receipt of this letter. Any questions regarding this memorandum should be directed to Deborah Eversole at 502-564-3940, extension 255.

Sincerely,

**Martin J. Huelsmann
Executive Director**

/DTE/rst
Attachments
cc: File

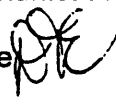


AN EQUAL OPPORTUNITY EMPLOYER M/F/D

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File 99-385
BellSouth Telecommunications, Inc.

FROM: Deborah T. Eversole 
General Counsel
96-608 Team

DATE: April 28, 2000

RE: Informal Conference of April 27, 2000

On April 27, 2000, an informal conference was held in this matter at the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky. Attached is a sign-in sheet listing the attendees.

Jeff Johnson, of the Commission's Staff, welcomed the attendees and briefly described the Commission's purpose in conducting the conference: to assist it in monitoring KPMG's third-party testing of BellSouth's operations support systems ("OSS") in Florida; to obtain perspectives from parties who are participating in Florida's proceedings in this matter as well as in Kentucky's; and to discuss what, if any, OSS issues should be treated differently in Kentucky.

Mike Adderly of KPMG explained the three phases of the testing process in Florida. The test plan was initiated in December 1999 and interfaces will be constructed for testing as a competitive local exchange carrier ("CLEC"). Transaction testing will begin at that point. November is the projected date for completion. Mr. Adderly observed that the Florida process is an open, collaborative one, and that the Florida PSC conducts weekly meetings regarding the process, posting its minutes on the Florida PSC website.

Carl Vinson of the Florida PSC staff spoke to describe the Florida PSC's handling of the process. Seven staff members are primarily focused on the project, helping to develop the master test plan. He expressed the Florida staff's appreciation of Kentucky staff's input, and remarked that Georgia's testing, which also is ongoing, might have an impact on Florida's schedule. He described the process for evaluating possible errors found in BellSouth's system. First, there is an "observation," in which KPMG requests clarification of the situation from BellSouth. If after such clarification, an actual problem is determined to exist, an "exception" is issued. The exceptions are then studied, and a solution is tested until the issue is resolved. If the exception cannot be resolved, it is taken to the PSC for further review and action.

BellSouth then gave a presentation in which William Stacy described BellSouth's current systems and commented on the Florida and Georgia testing processes and on Louisiana's performance measurements docket. Mr. Stacy explained that the test plans of both Georgia and Florida are sufficiently flexible to permit additions as new services develop; that KPMG answers to the Florida PSC in the Florida proceeding but is funded by BellSouth; and that KPMG will not duplicate work among jurisdictions. Mr. Stacy also discussed some of the updates to BellSouth's OSS that have occurred since the last Kentucky hearing in this case and recounted FCC decisions and statements that have bearing on the standards BellSouth must reach to obtain authority to enter the in-region, interLATA market. Among the standards that still are not clear is the definition of "commercial usage," which the FCC has said is the best evidence that a regional Bell operating company ("RBOC") has opened its markets to competition. It is clear, though, that the functioning of ordering, pre-ordering, provisioning, maintenance and repair, and billing systems are crucial. Mr. Stacy explained that both Georgia and Florida are testing these elements, both for resellers and carriers using unbundled network elements ("UNEs") to provide service.

Mr. Stacy stated that 89 "exceptions" remain open in Georgia. He projects that these will close in approximately 60 days and the Georgia tests will be completed. He urged Kentucky to rely upon the tests in other BellSouth states, explaining that BellSouth's interfaces, systems, and business rules are the same in all states in which it serves, though billing and provisioning differ slightly from state to state. Mr. Stacy also remarked that Kentucky should adopt the service quality measurements currently being developed in other states, and that soon changes in software will not be so rapid. The FCC's major decisions have been made, and we will begin moving toward national standards. Mr. Stacy asserted that BellSouth's LEO database will ensure that BellSouth will not lose orders as Bell Atlantic did after its entry into the long distance market in New York. Moreover, BellSouth will offer voluntary penalties and liquidated damages in the event of OSS problems.

Jay Bradbury of AT&T then spoke, emphasizing the importance of parity, and explaining that it must be as simple for a customer to switch local exchange carriers as to switch long distance carriers. He reviewed the differences among provision of service by resale, by UNE, and by facilities, discussed the relative number of business relationships inherent in each, and remarked that BellSouth's OSS are not entirely regional. Kentucky, he says, should conduct its own tests, because many processes remain manual, and there are personnel differences from state to state, as well as software differences. He said that, in Georgia alone, there were six central offices and six different methods of performing "hot cuts." He and Fred Gerwing of BellSouth discussed the number of separate managers in Kentucky (3) and appeared to disagree as to the extent of management differences that exist in such a situation.

Mr. Bradbury also discussed the differences in the proceedings in Georgia and Florida, asserting that in Georgia, CLECs were not permitted to participate in the process until February of this year. He also said Georgia does no parity comparisons, while Florida does, and that Florida's tests are more comprehensive. AT&T also

withdrew its support of the Louisiana audit, because the plan allegedly does not comply with the RFP. Mr. Bradbury discussed Florida's use of interim performance measures for the testing procedure and its plans to establish permanent ones. He recommended that Kentucky set its own performance measures, and then order testing.

Creighton Mershon, BellSouth's counsel, and Mr. Stacy then discussed the Florida process, explaining the "exceptions" process in some detail. They also explained that legal requirements across the region are almost identical now, that software development will plateau, and that national standards will come. Accordingly, separate state-by-state testing is unnecessary. Alabama and Louisiana have discussed with BellSouth the possibility of adopting or enhancing other states' third party testing. BellSouth will continue to keep this Commission informed as to the proceedings in Florida.

Fred Gerwin asked what the Kentucky staff envisioned and if they were preparing to open a performance measurement case. He offered to provide information from BellSouth to further that movement. Mr. Johnson reiterated that the Kentucky staff recognizes the importance of performance measurements and will continue its monitoring of Louisiana's performance measurement docket along with the concurrent work being done in Florida and Georgia.

MCI WorldCom attorney Susan Berlin advised that it might be advisable to watch other states' work on performance measurements. Briefly discussing the case in North Carolina, she advised that opening such a docket is extremely labor intensive.

Mr. Johnson of the Commission Staff then thanked the parties for coming, and stated that there will be another informal conference within a few months to discuss further developments.

Attachment

cc: All Parties
B. J. Helton
Ed Holmes
Gary Gillis
File

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION CONCERNING THE PROPRIETY)	
OF PROVISION OF interLATA SERVICE BY)	CASE NO.
BELLSOUTH TELECOMMUNICATIONS, INC.)	96-608
PURSUANT TO THE TELECOMMUNICATIONS)	
ACT OF 1996)	

INFORMAL CONFERENCE

APRIL 27, 2000

PLEASE SIGN IN:

NAME

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PSC STAFF - ENG'R DIV

Jim Stevens

PSC STAFF

Dale Wright

PSC STAFF

Carl Vinson

Florida PSC STAFF

MIKE ADDERLY

KPMG

Kip Edenfield

Bell South

WN Stacy

Bell South

CREIGHTON MERSHON

BELL SOUTH

PAGE 2

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Joan Coleman

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MCI WorldCom

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JIM TIPTON

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Ty Lou / K. ISPA

KPSC

RECEIVED

JAN 28 2000

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

LEGAL DEPT. (KY.)

In the Matter of:

INVESTIGATION CONCERNING THE PROPRIETY)
OF PROVISION OF INTERLATA SERVICES BY)
BELLSOUTH TELECOMMUNICATIONS, INC.)
PURSUANT TO THE TELECOMMUNICATIONS)
ACTION OF 1996)

CASE NO.
96-608

O R D E R

The Commission instituted this case on December 20, 1996 in order to compile a record that will enable it to advise the Federal Communications Commission ("FCC") as to whether BellSouth Telecommunications, Inc. ("BellSouth") should be permitted to enter the in-region, interLATA market in Kentucky pursuant to Section 271 of the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, 47 U.S.C. 151 et seq. In order to receive FCC approval, BellSouth must demonstrate, among other things, that it has complied with the fourteen point competitive checklist at Section 271(c)(2)(B) (the "Competitive Checklist"). During the hearings, conferences, and briefings conducted by this Commission in this docket, it has been amply demonstrated that BellSouth's provision to competing local exchange carriers ("CLECs") of nondiscriminatory access to necessary operating support systems ("OSS") is crucial to BellSouth's application to the FCC. Such access is equally crucial to the development of meaningful local exchange competition in Kentucky.

Various parties to this proceeding have indicated, in testimony as well as in motions and briefs, that third-party testing of BellSouth's OSS should be conducted. The most recent motion on this issue was filed on December 10 by AT&T

Communications of the South Central States. That motion, along with the other comments concerning third-party testing in this jurisdiction is addressed in this Order. Third-party testing would indeed be useful to this Commission, and to the FCC, in any evaluation of BellSouth's OSS. An objective appraisal of competitors' access to, among other things, ordering, pre-ordering and billing information and trouble reporting systems is crucial to several items on the Competitive Checklist. However, the Commission finds that, as BellSouth's OSS are the same throughout its nine-state region, neither economy nor efficiency is served by instituting a third-party testing process in Kentucky at this juncture.

On October 5, 1999, this Commission received from the Florida Public Service Commission (the "Florida Commission") a letter explaining that it has engaged KPMG, LLP to conduct third-party testing of BellSouth's OSS, and that it recognizes that OSS testing in any BellSouth state will have a direct bearing on the other eight. Florida's Web site, www.floridapsc.com, contains information regarding its OSS project. Rather than requiring a duplication of work that is proceeding in Florida, this Commission will monitor the Florida proceeding and will, from time to time, schedule informal conferences with the parties to the Kentucky docket to discuss the progress of the Florida proceeding. A central focus of those conferences will be upon differences, both legal and practical, between Kentucky and Florida that may indicate that certain matters pertaining to OSS sufficiency should be treated differently here.

In order to assist the Commission in monitoring the Florida proceeding, BellSouth should file, with this Commission and in this docket, copies of all documents and information it files with the Florida Commission on and after the date of this Order. In

addition, BellSouth should file a copy of the agreed upon Master Test Plan and all attachments, including the agreed upon performance metrics. Information should also be filed electronically, if produced in that form. Full service of all documents on all other parties to this case would likely prove extremely burdensome as well as largely duplicative. However, BellSouth shall serve on the other parties notice when it files such documents, and the notice so served shall specifically describe the documents filed.

IT IS THEREFORE ORDERED that:

1. BellSouth shall file with this Commission, with notice to all parties to this docket, copies of all papers and documents filed with the Florida Commission for the purpose of third-party testing of its Operating Support Systems.

2. The first of a series of informal conferences, held for the purposes of discussing the progress of the Florida Commission's proceeding concerning third-party testing of BellSouth's Operating Support Systems, and identifying material differences between Florida and Kentucky that may affect this Commission's appraisal of the applicability of the Florida results to the local exchange market in Kentucky, shall be held at 9 a.m., E.D.T., on April 27, 2000, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 26th day of January, 2000.

By the Commission

ATTEST:


Executive Director

CERTIFICATE OF SERVICE

I hereby certify that on July 27, 2000, a copy of the foregoing document was served on counsel for the petitioner and the entities seeking intervention, via the method indicated, addressed as follows:

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